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we must be ready to increase imports, unless we raise our tariffs, which we have asserted we will not do. Our foreign aid, if eliminated, would not result in more than a billion dollars of savings, but such a change would be against our political policy. The future of our agricultural exports for payment in hard currencies is threatened by overproduction elsewhere. The gold drain continues. We shall have a huge budget deficit this year. So it goes. I fear there is no comfort to be obtained in London. The British balance of payments situation is unsatisfactory. Both the dollar and pound, as the leading world currencies, will be subject to additional strains if doubts are entertained of the soundness of either. Much of the problem is psychological. I feel, as I think Fowler does, that consideration should be given to institutionalizing a portion of the gold and hard currency reserves of the chief industrialized countries. This might be done in somewhat the fashion advocated by Monnet.

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Bill Tyler dined with E and myself tonight. As always with him, there was stimulating conversation. Also, there were appetizing Moules Marinieres.

November 30, 1962 - Friday

We lunched with the Chambers, in their magnificent apartment in the Hotel Lambert. In many respects, this is the finest house in Paris. We had a delicious meal, and drank with it a Chateau Beychevelle 1928.

I went to see Jean Monnet. Before doing so, I was called from London and asked to return tomorrow morning to meet Ted Heath, who wishes urgently to talk with me. I suppose it has to do with Common Market matters.

I found Monnet, who had lately seen Heath, optimistic, in contrast to the last time I spoke to him, over British entry into the Common Market. He outlined, in some detail, how he thought the negotiations might be brought to a successful conclusion.

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III. It is against this background that British comments and actions, during the Cuban episode should be viewed. The postmortem referred to in Reftel is of no consequence; it merely illustrates again mutual national antagonisms over formulation and interpretation of foreign policies as viewed by purveyors of spot sensations. There are American journalists in London who feel that the British Government and publications denied us the support to which we were properly entitled at a time of great crisis. There are British journalists who were convinced for a time that the US objective was to invade Cuba.

As the result of what finally occurred, there has been much crow eaten during the past few weeks. Some of it has not yet been digested, particularly by those who have long memories over Suez.

IV. I am satisfied that USIS London was remarkably effective in explaining American policy at a period when the atmosphere was initially hostile. British press times and public opinion began shifting after the exceptional feat of USIS in placing the aerial photographs before newspaperm[illegible] and later 24 million television viewers on the critical night of October 23. (See USIS field message 35, October 29, for full account this episode. Incidentally, I think it might have been appropriate if some USG official had contradicted the entirely false, but harmful to US interests, article by David Wise in the Herald Tribune, stating that I had, on my own initiative, following pressure from the Prime Minister, released classified photograph without authorization from Washington. It is somewhat ironical that our

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